



SFMTA

San Francisco Municipal Transportation Agency **Budget Overview**

2025 June CAC Meeting
June 5, 2025

powell

← BOARDING ZONE

Budget Context

- SFMTA must present the Mayor a balanced budget for FY26-27 and FY27-28 by May 1, 2026.
- The projected deficit is approximately \$320M in FY26-27 and \$350 in FY27-28.
- To balance the budget, the Board must identify a combination of new revenues, service cuts, and policy/administrative reductions to close the gap.
- Balancing the budget will require more, bigger and harder policy choices than previous budgets, which necessitates starting the process earlier.

SFMTA Operating Budget

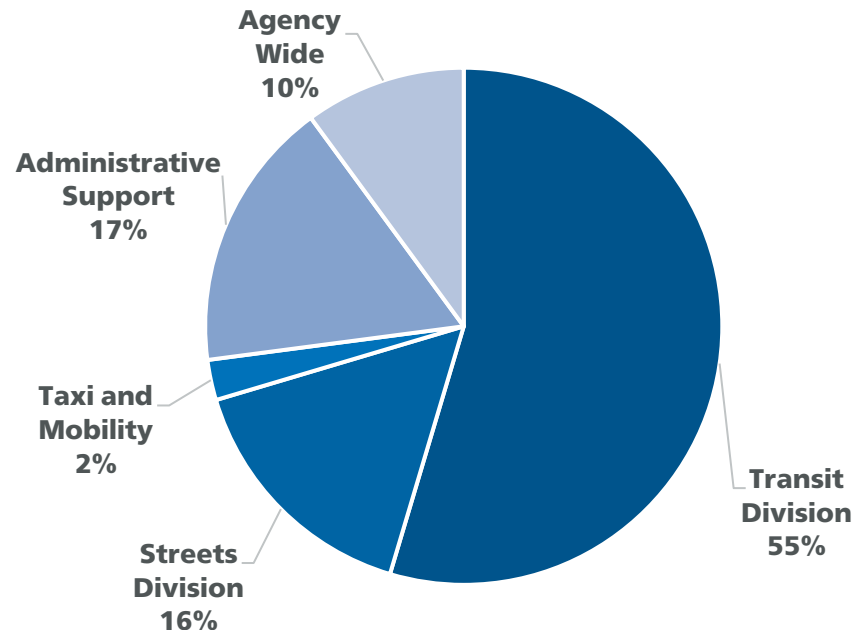


Expenditures by Organizational Unit

Previous budget presentations inaccurately represented administrative costs as 17% of budget, actual expenditures are 10%.

- Facilities maintenance is categorized as Administration, but is essential to transit.
- Citation and permit processing is categorized as Administration, but is essential to generating revenue and creating safe and functional streets.
- Agency-wide looks like administrative cost, but is primarily retiree health, debt, and reserves.

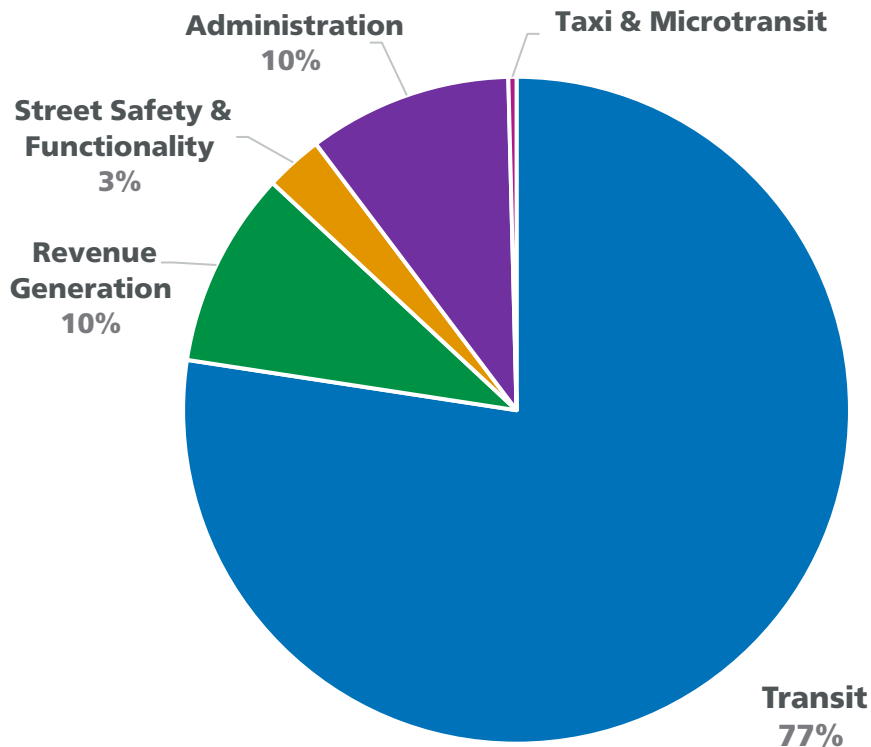
FY 25-26 Expenditure Budget by Organizational Unit



Source: FY24-25 and FY25-26 Original Budget, passed by Board of Supervisors July 2024. Note: Transit includes paratransit.

Expenditures by Services

FY 25-26 Expenditure Budget by Service



- Almost 90 percent of the SFMTA expenditures are directly related to delivering Muni service or generating revenue to support Muni service
- Most of street safety work is delivered through capital funding sources, including competitive regional and state grants
- Administration costs are small and deliver key functions, such as hiring, payroll, grant administration, workers comp, contracts and compliance

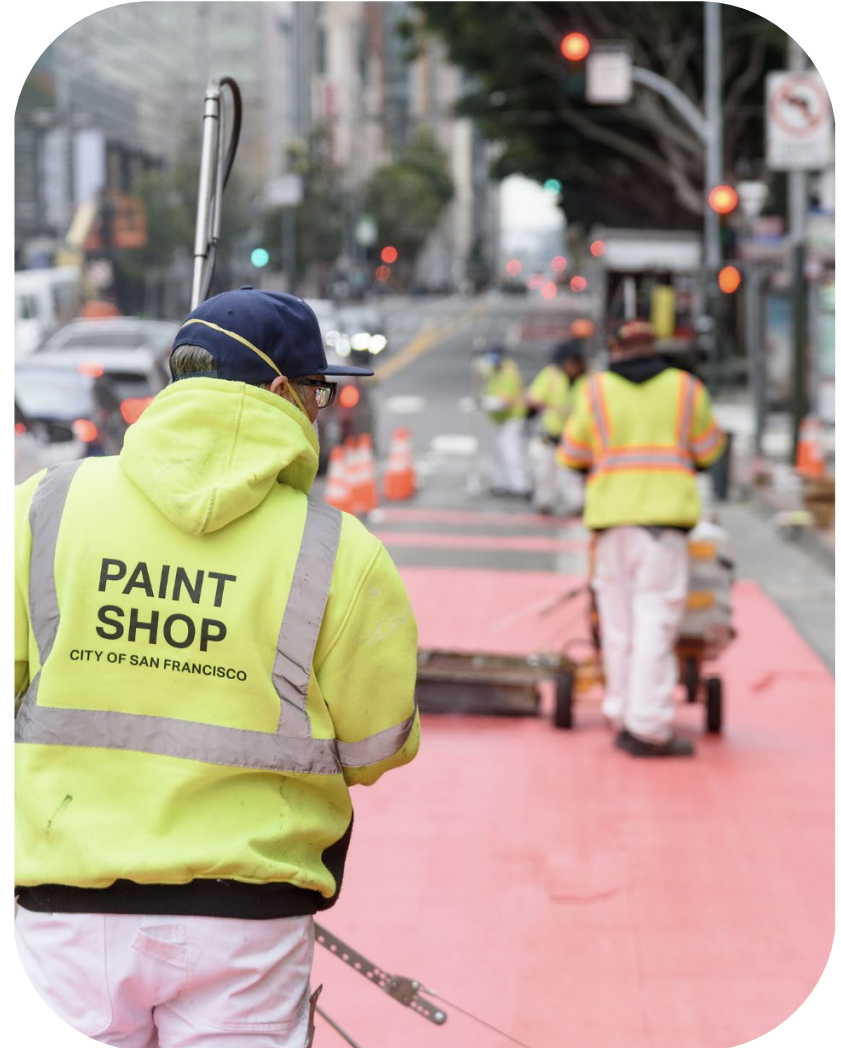
Source: FY24-25 and FY25-26 Original Budget, passed by Board of Supervisors July 2024.

Note: Transit includes paratransit.

SFMTA Services

SFMTA provides five critical services:

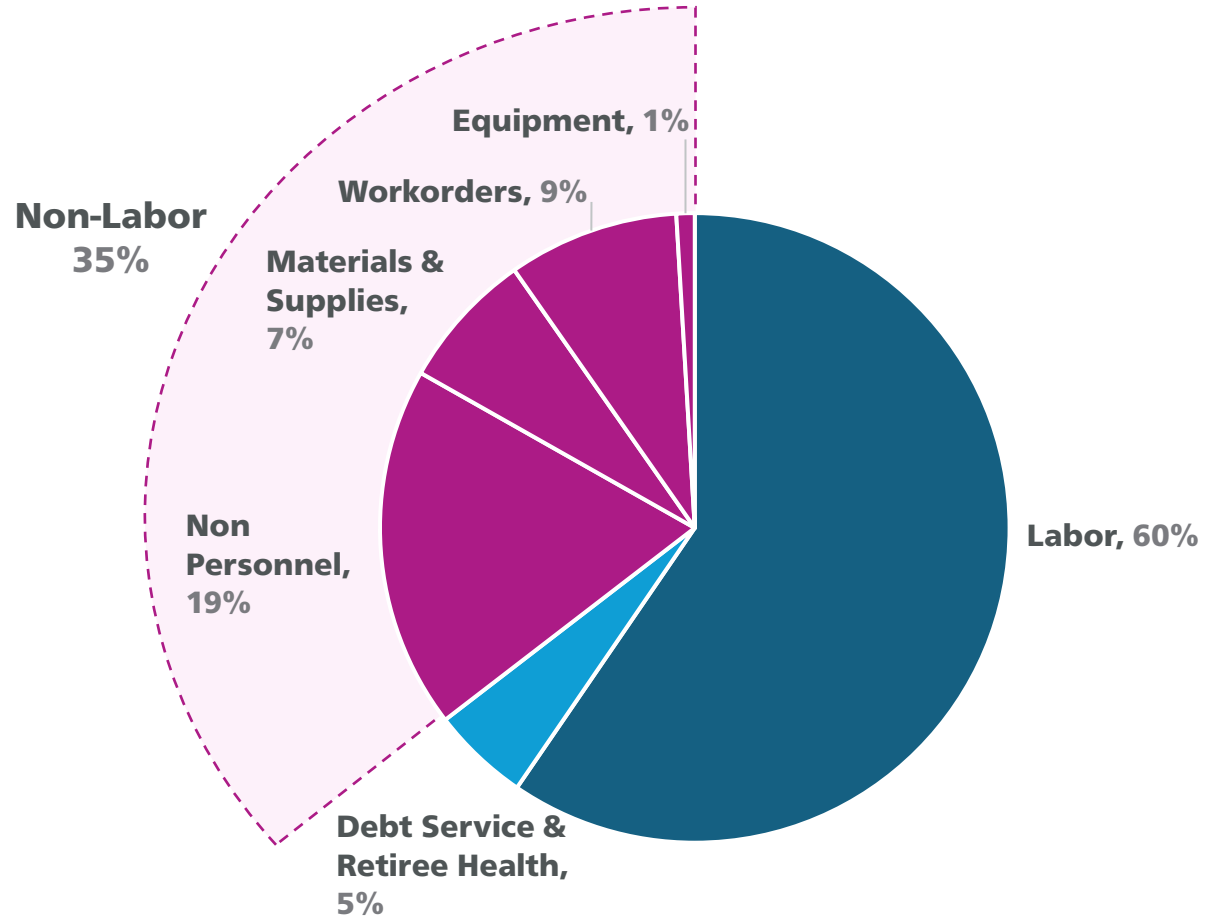
- **Transit:** Transit, including transit operators, infrastructure maintenance, vehicle maintenance, line management, cleanliness and security, safety, and paratransit.
- **Revenue Generation:** Parking enforcement and permit & citation processing.
- **Street Safety & Circulation:** Traffic circulation and bike and pedestrian safety.
- **Taxi & Micro-Transit:** Taxi and scooter and other microtransit regulation.
- **Administration:** Functions like human resources, finance, information technology, communications that support service provision.



Operating Budget Expenditure

FY 25-26 Budgeted Expenditure by Expenditure Type

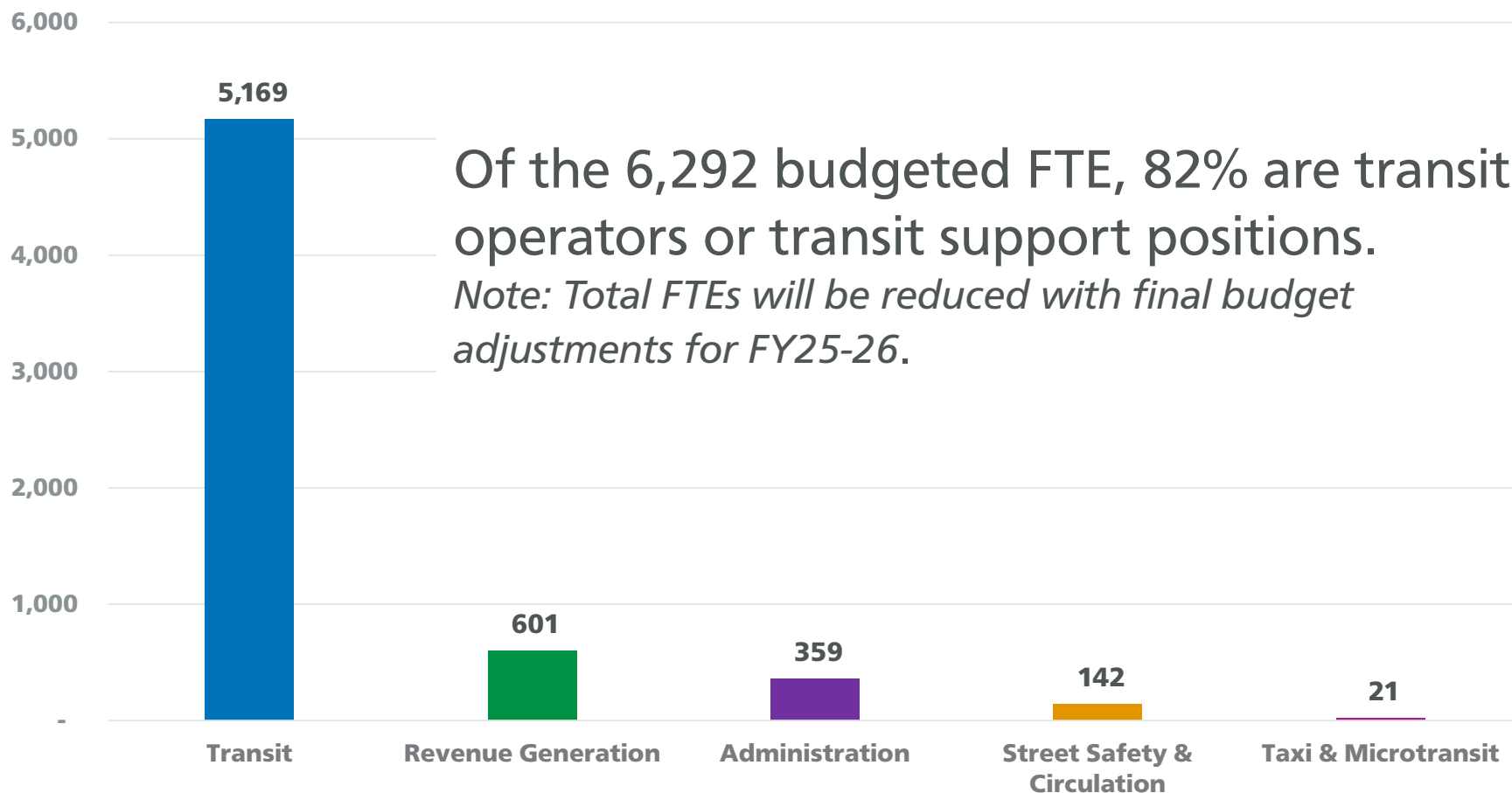
- **60%** of budget is expended on salaries and benefits for staff.
- **35%** of budget is expended on non-labor, the services and supplies staff use to do their job.
- **5%** of budget is expended on debt service and retiree health, contractual obligations that cannot be changed.



Source: FY25-26 Original Budget, passed by Board of Supervisors July 2024.

Labor

FY25-26 Budgeted FTE by Service

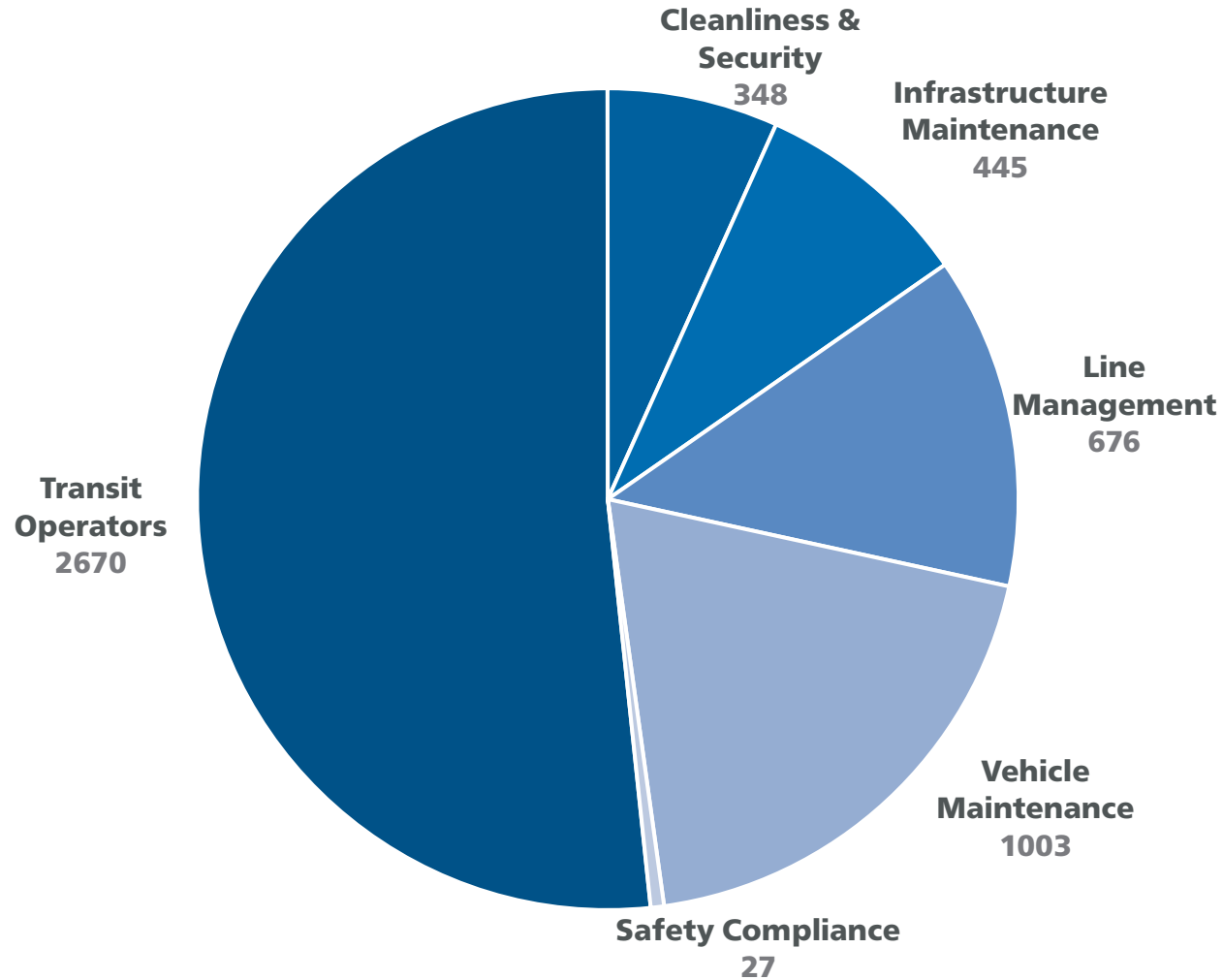


Source: FY25-26 Original Budget, passed by Board of Supervisors July 2024.
Note: Excludes attrition and temporary staff. Transit includes paratransit.

Labor: Transit

FY25-26 Budgeted Transit FTE

Delivering transit requires more than transit operators.



Source: FY25-26 Original Budget, passed by Board of Supervisors July 2024. Note: Excludes attrition and temporary staff. Transit includes paratransit.

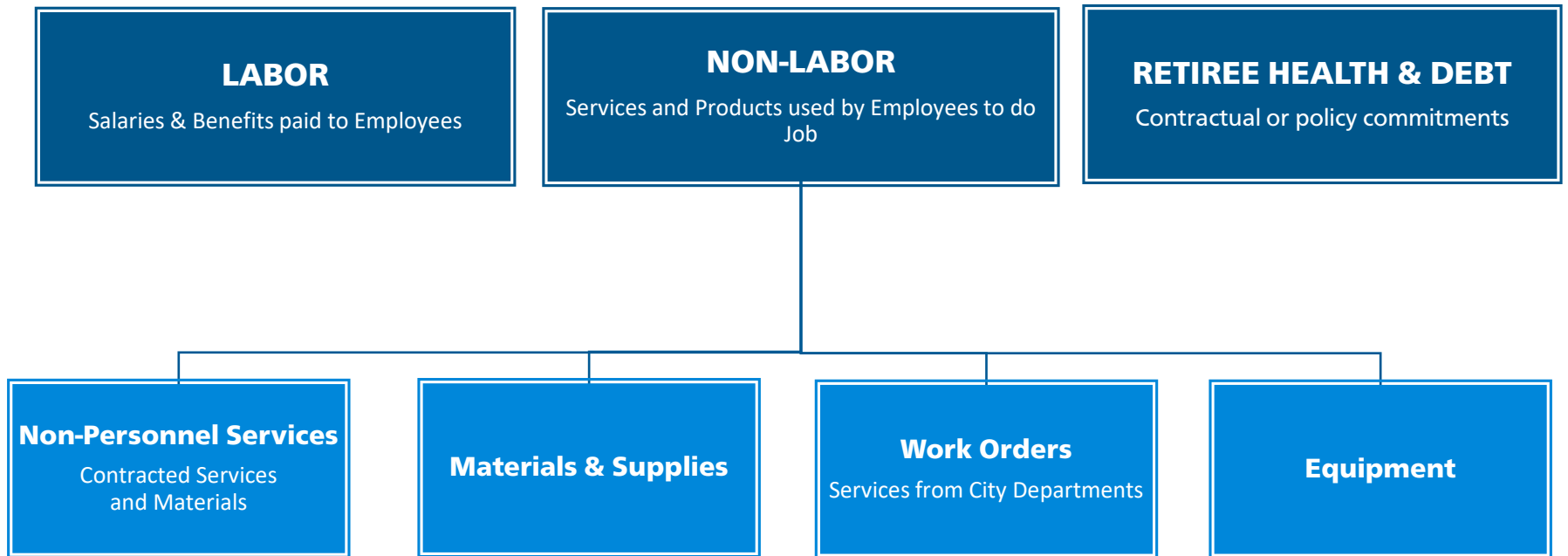
Debt Service and Retiree Health

Some costs are fixed due to contractual or policy commitments.

Expense	Amount (\$M/yr)
Retiree Health & Benefit Administration	46
Debt Service	28
Required Reserve Contribution	2
Total	77

Source: FY25-26 Original Budget passed by Board of Supervisors in July 2024.

Expenditure Non-Labor



Contracted Services and Materials

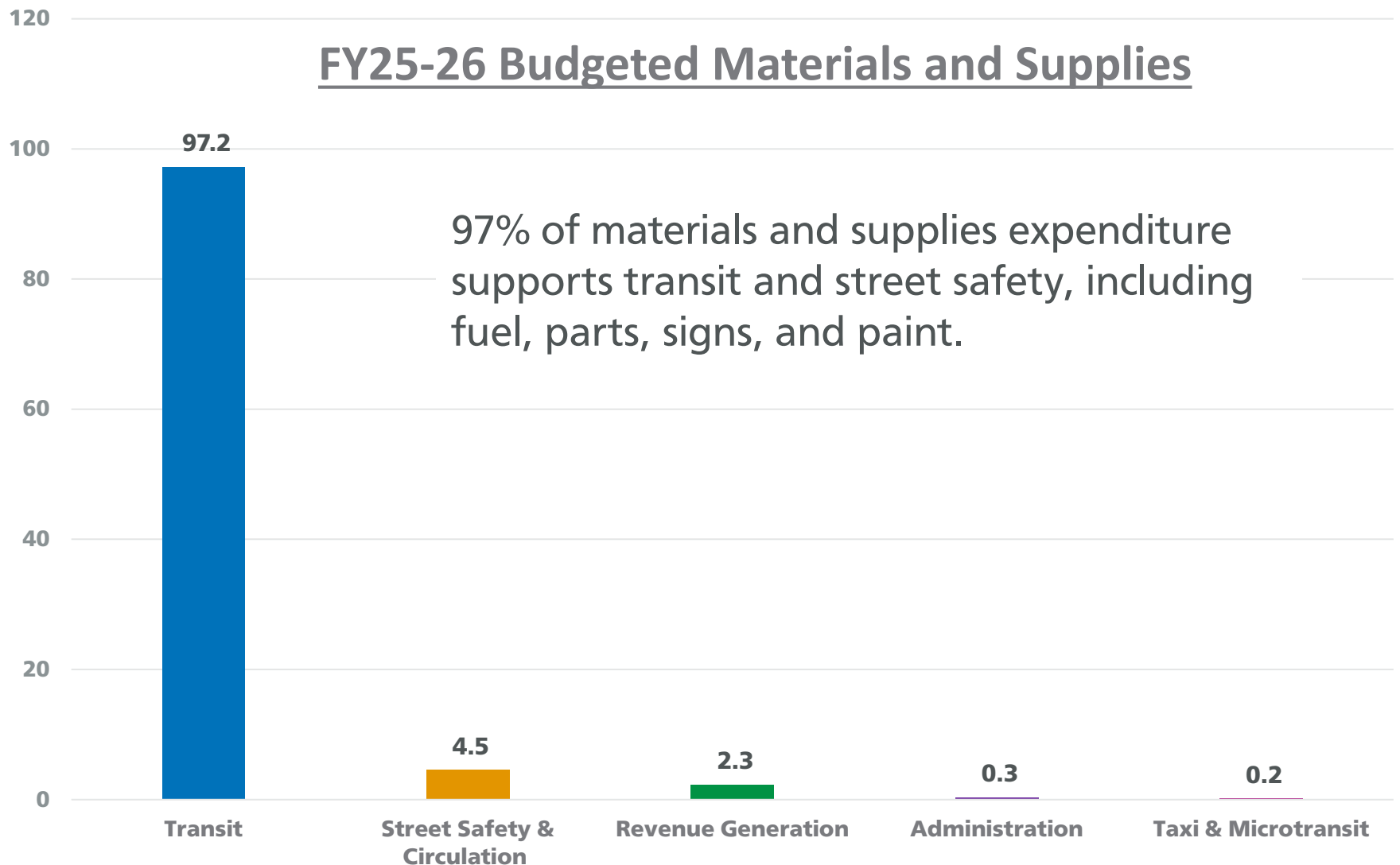
Contracted Services and Materials, also known as Non-Personnel Services, pay for important programs, such as paratransit and subway security. Expenditure includes any service or item SFMTA obtains from outside contractors.



Contracted Service or Materials	Amount (\$M/yr)
Revenue Generating (e.g., parking garage management)	55
Rent, Equipment, & Maintenance	46
Worker's Compensation	44
Paratransit	35
Technology	26
Station & Facility Security	19
Consultants	16
Fees, Licenses, Permits, Taxes	15
Insurance & Liability	12
Traffic Safety Cameras	3
Memberships, Printing & Promotions	2
Training and Travel	1
Total	274

Source: Estimates based on the categorization of FY25-26 Original Budget, passed by Board of Supervisors July 2024, and historic spending patterns.

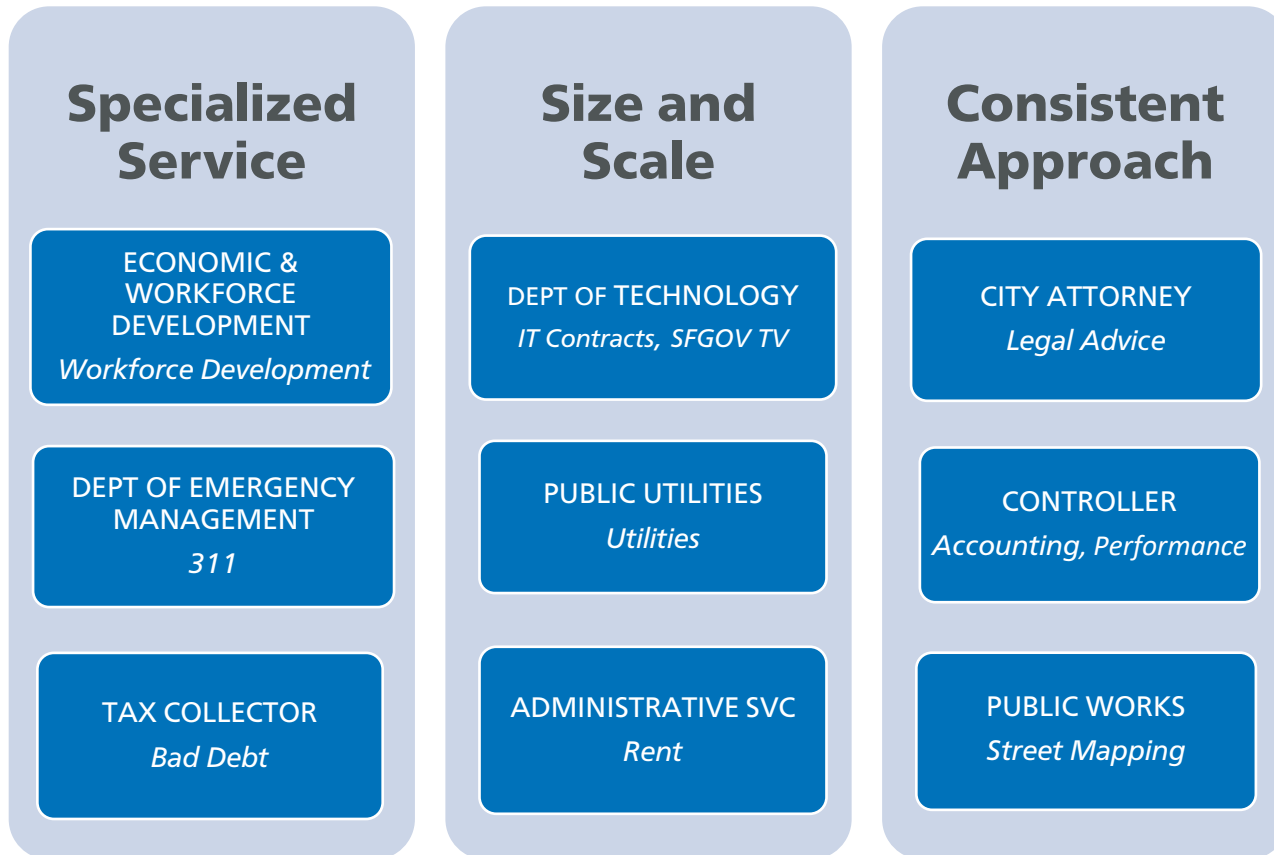
Materials and Supplies



Source: FY25-26 Original Budget passed by Board of Supervisors in July 2024.

Services from City Departments

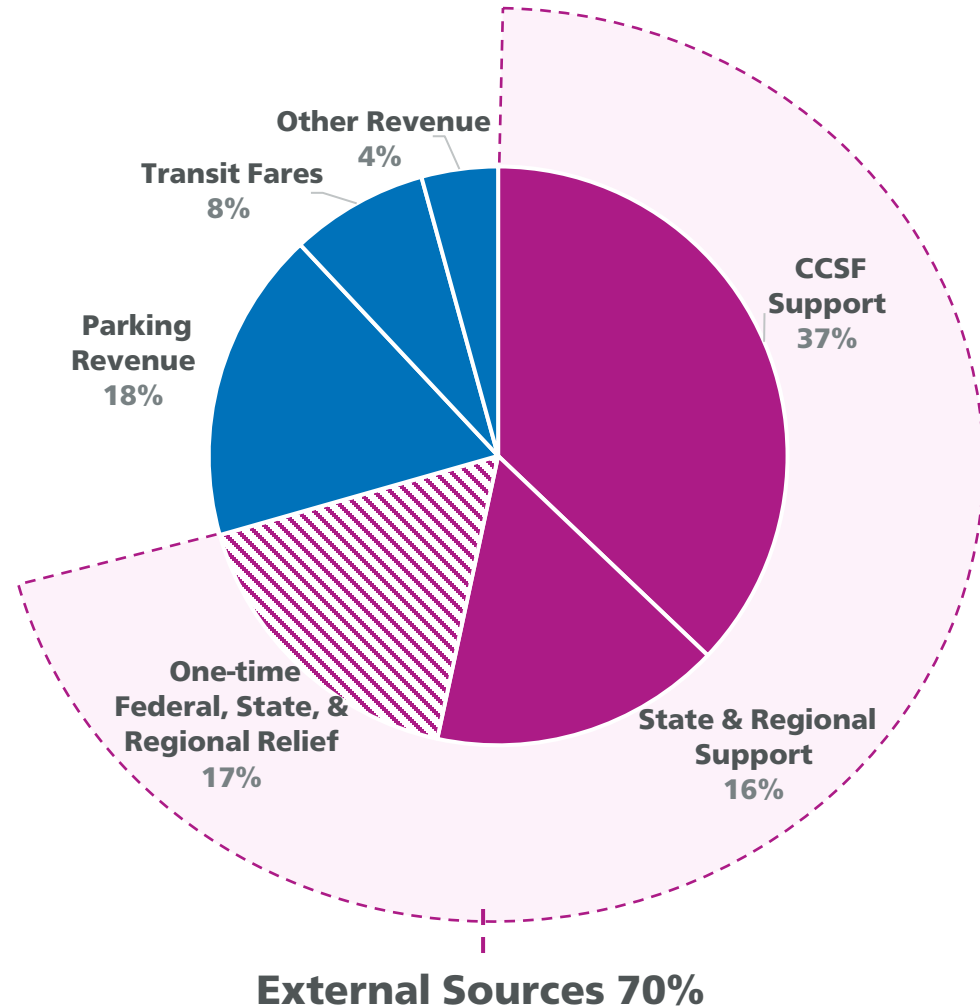
Workorders are services SFMTA procures from City Departments to 1) obtain specialized services more efficiently than SFMTA can provide, 2) take advantage of size and scale, or 3) maintain consistent city-wide approach



Operating Budget Revenue

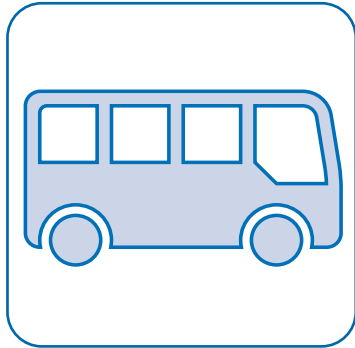
- **30% revenue generated by the SFMTA:**
Transit Fares, Parking Revenue, Other Revenue, and Fund Balance.
- **70% revenue from external sources:**
CCSF Support, State & Regional Support, and One-time Federal, State, & Regional Relief.
- ▨ **17% Expiring FY26-27:**
One-time Federal, State, and Regional Relief fully expended by June 2026.

FY 25-26 Budgeted Revenue



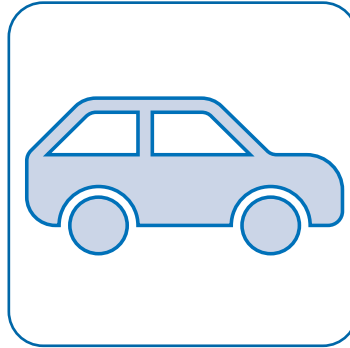
Source: FY25-26 Original Budget, passed by Board of Supervisors July 2024.

External Revenue



CCSF Support

A fixed percent of City's General Fund based on: Aggregate Discretionary Revenue (ADR), population change, etc.



State & Regional Support

Allocations from State Transit Assistance, sales tax, bridge tolls, and various State funding programs



One-time Federal, State & Regional Relief

One-time COVID-19 relief funding, which will be fully expended by June 2026

SFMTA Generated Revenue



Transit Fares

Single Ride
Monthly Pass
Visitor/Cable Car



Parking Revenue

Garages
Meters
Citations
Permits



Other

Advertising
Rent
Miscellaneous

Transit Fares

Transit Fare Revenues (Actuals/Projected \$M)



Source: FY24-25 projected revenue based on April 2025 9-month report.

Regional fare collection upgrades and continued enforcement have potential to increase transit fares, but even pre-pandemic fares are insufficient to close gap.

Transit Fare Compliance

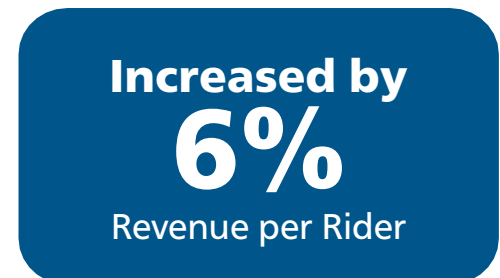
The SFMTA approaches Fare Compliance with San Francisco values in mind:

- Safety
- Equity
- Education

Addressing visible fare evasion helps build public trust in Muni. Riders have asked to see action.



We have stepped up our efforts and we are seeing results:



Transit Fare Subsidies

Transit Fare subsidies ensure the most vulnerable community members can ride Muni and reduce revenue.

Discount Type	Population	Discount	Start Date	FY25-26 Admin Cost (\$M)	FY25-26 Foregone Revenue (\$M)	FY25-26 Total Impact (\$M)
Lifeline Monthly Pass	200% of federal poverty	50%	2005	-\$0.7	-\$3.9	-\$4.6
Free Muni for Youth	Youth 18 and under	Free	2013	N/A	-\$5.8	-\$5.8
Free Muni for Seniors & People w Disabilities*	Seniors and People with Disabilities at/or below 100% Bay Area Median Income	Free	2015	-\$0.2	-\$12.3	-\$12.5
Access Pass (Free Muni)	People experiencing homelessness	Free	2023	-\$0.2	N/A	-\$0.2
Clipper START (50% Single Ride Discount)**	200% of federal poverty	50%	2022	N/A	-\$1.4	-\$1.4
Total				-\$1.1	-\$23.4	-\$24.5

*FTA requires reduced fares for seniors and people w/disabilities; SFMTA provides free fares for those at/or below 100% Bay Area Median Income.

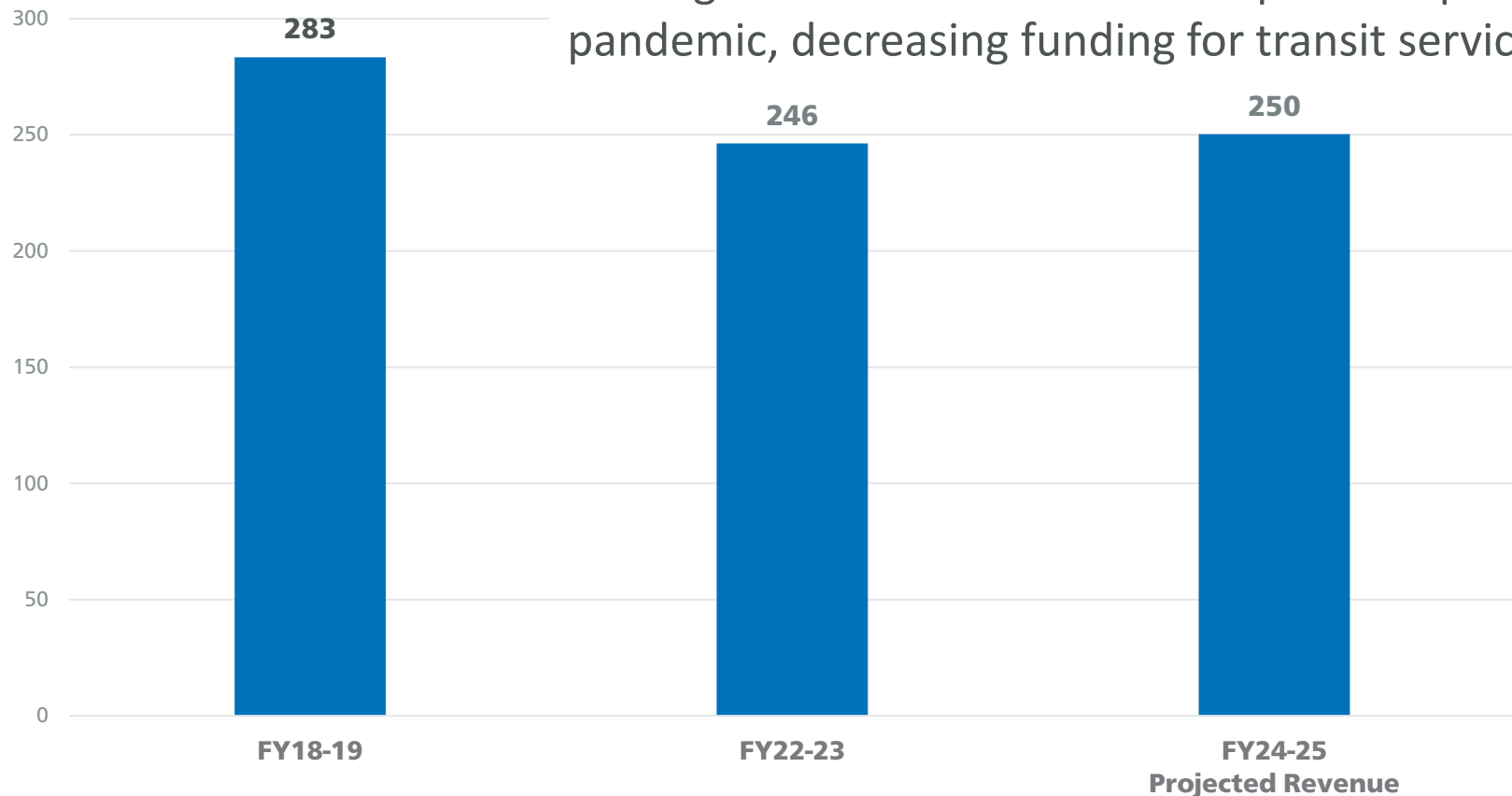
**Pilot program funded and administered by the Metropolitan Transportation Commission

Source: FY23-24 Actuals escalated by FY25-26 fare and labor increase estimates

Parking Revenue

Parking Revenue (Actuals/Projected \$M)

Parking revenue is down 14% compared to pre-pandemic, decreasing funding for transit service.

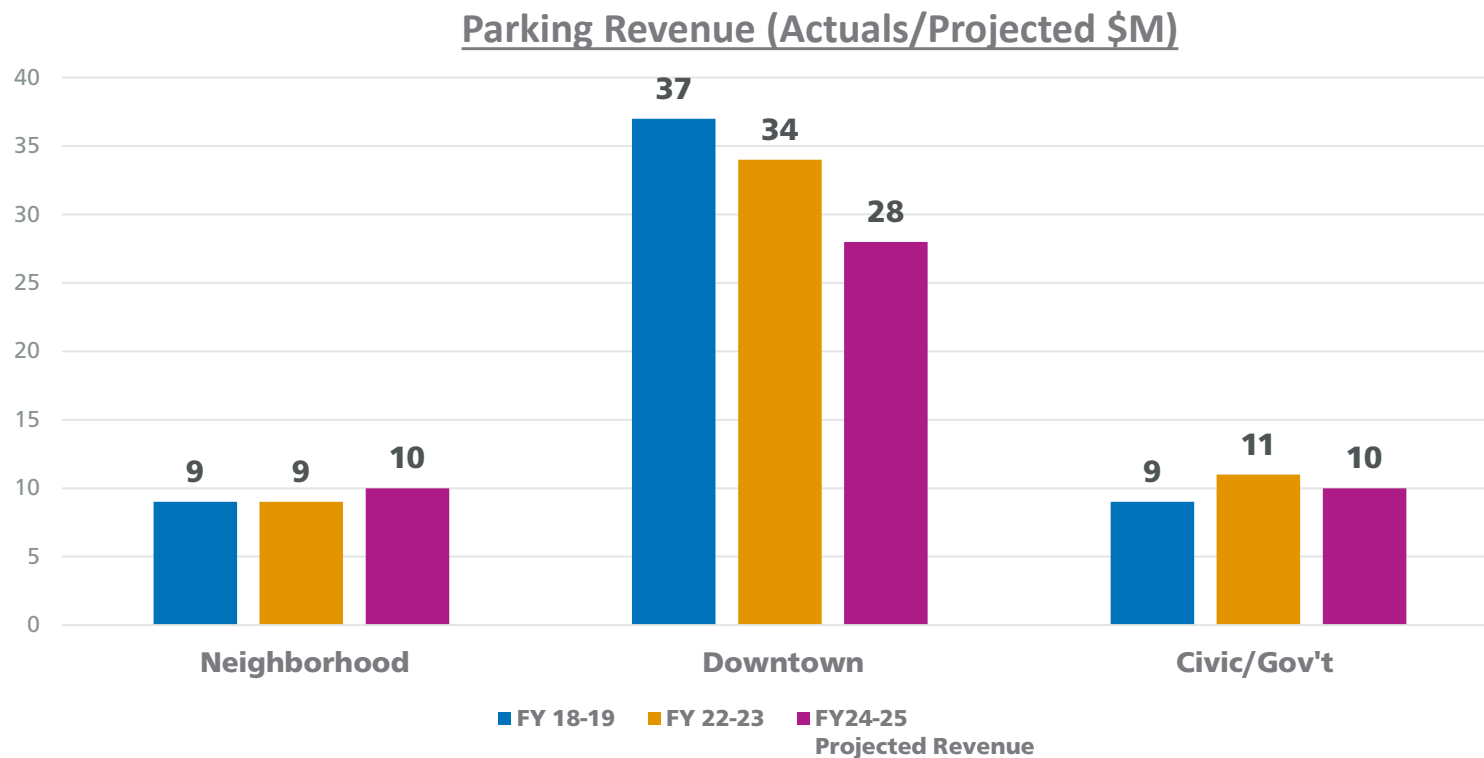


Source: FY24-25 projected revenue based on April 2025 9-month report.

Note: Include Seventh & Harrison Lot to tie to year-end financial data

Parking Garage Revenue

Positive financial trends at neighborhood and Civic Center garages outweighed by significantly reduced utilization of downtown garages.



Source: FY24-25 projected revenue based on April 2025 9-month report.

Note: Does not include Seventh & Harrison Lot due to insufficient data for comparison. Reflects budgeted parking revenue.

Parking and Tow Subsidies

Parking and tow subsidies ensure the most vulnerable community members can travel around San Francisco and reduce revenue.

Policy	Description	FY25-26 Foregone Revenue (\$M)
Parking Violations – Community Service	Customers perform community service in lieu of payment	-\$0.5
Parking Violations – Late Penalty Waivers	Late penalties are waived with successful completion of payment plan for original fine for people with low-incomes	-\$1.1
Parking Violation – Waivers	One-time dismissal of all citations for people experiencing homelessness	-\$2.1
Tow Fee Waivers/Discounts- People Experiencing Homelessness	One time waiver of tow fees and up to 30 days storage (up to \$1,862 value)	-\$0.6
Tow Fee Waivers/Discounts- People with Low Incomes	Waives administrative tow fee and up to 15 days storage (up to \$2,947 value)	-\$6.9
Stolen Vehicle	Waives all tow fees and 3 days storage for stolen vehicles	\$1.1
Total		-\$12.3

Source: FY23-24 Actuals escalated by FY25-26 fee and labor increase estimates

Other Revenue

SFMTA also generates revenue by hosting advertising on vehicles and transit shelters, renting real estate assets, and miscellaneous charges.



Generating More Revenue

**SFMTA has taken
action to raise
revenue**

- **Grew Muni ridership** by improving service quality/customer experience
- **Increased Muni fare compliance** by adding transit fare inspectors and optimizing inspections
- **Increased fares, fees and fines** starting in July 2024, projected to generate \$13M across two-year budget
- **Optimizing existing parking programs** with goal of generating \$18M per year beginning in FY25-26
- **Shifted some capital funding** to operations

SFMTA is working hard to become more efficient and reduce expenditures

Efficiencies to date

SFMTA managed lower revenue by becoming more efficient.

- **Saved \$90 million in personnel costs** annually by reducing hiring and holding positions vacant (*work underway to remove vacant defunded positions from FY25-26 budget*)
- **Cut \$30 million in non-personnel costs** by eliminating planned one-time investments in FY24-25 and FY25-26
- **Offering a dozen fewer Muni routes** than pre-pandemic and only added Muni service if service was cut elsewhere in the system
- In June, **will cut Muni service by 2%** without eliminating any Muni routes
- Installed 100 miles of transit-only lanes and implemented other reliability improvements that allow Muni buses to get to their destinations more quickly – allowing SFMTA to **deliver more Muni service at no additional cost**
- **Used technology to optimize operations** (i.e. self-pay at parking garages, self-scheduling of tow hearings)

Expenditure Control

Hiring Restrictions

Limited hiring to key positions starting July 1, 2024 and froze non-essential hiring October 1, 2024.

Invoice Review

Increasing review and monitoring of services from other departments.

Non-Labor Monitoring

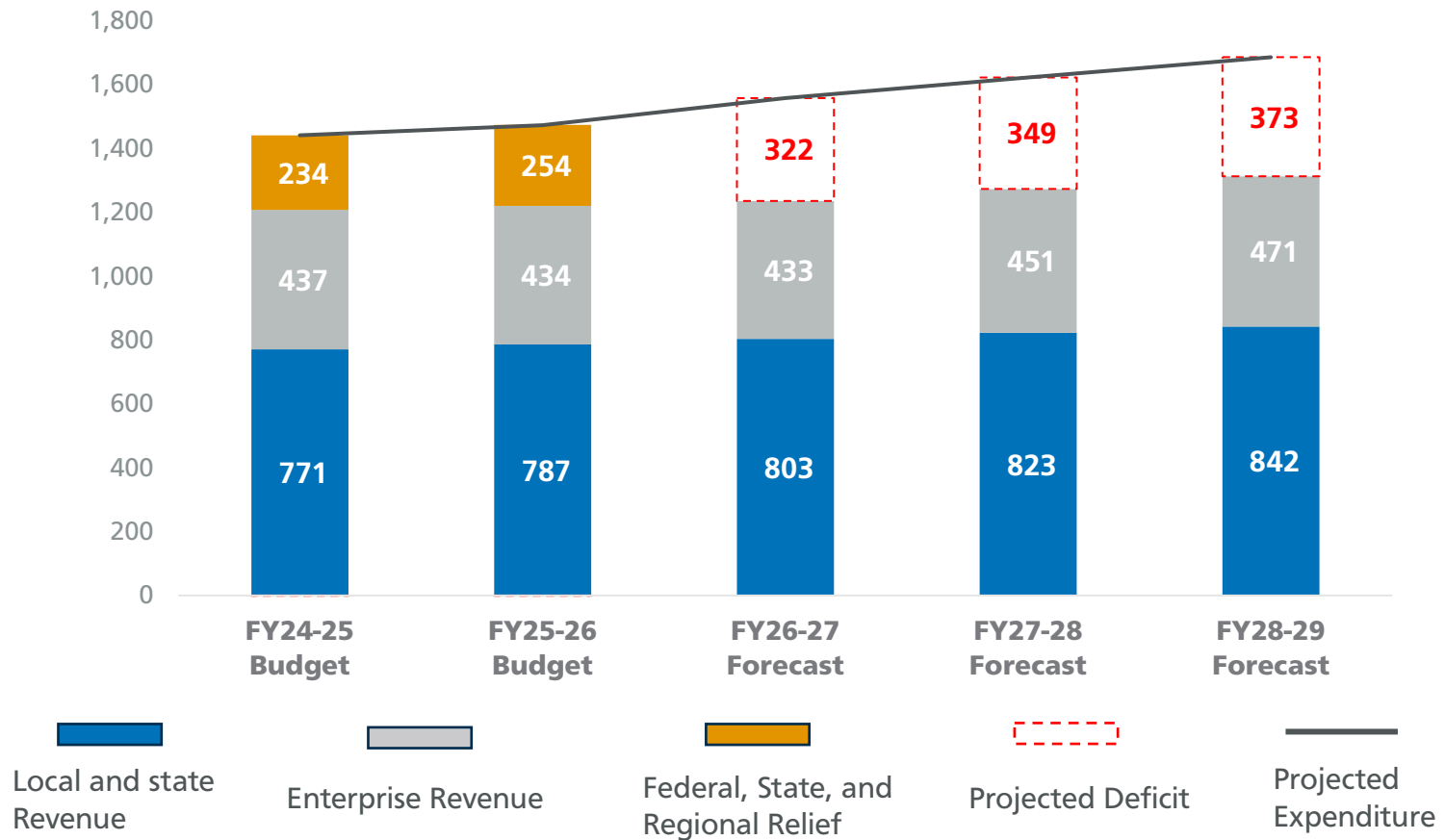
Projecting non-labor expenditure quarterly and requiring corrective action plans where necessary.

By cutting expenditure, and becoming more efficient SFMTA reduced the FY26-27 budget gap from \$440M+ to \$320M

Deficit

The projected deficit is \$322M in FY26-27 and grows with inflation over time

Operating Source by Type (\$M)



Next Steps

MFVG packages offer solutions with varying emphasis on the following tools:



New revenues



Efficiencies and internal cuts



Service and subsidy cuts

MTAB feedback on packages will inform the Implementation Plans that will shape the FY26-27 and FY27-28 budgets.

Next Steps

